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OPTIONAL FORM NO. 10
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UNITED STATES GOVERNMENT

HDS FOR ADJ. EXT. DATE

TO AUTH

REASON(S)

DECLASSIFIED ☐ RELEASABLE ☐RELEASE DENIED ☐

PA or FOI EXEMPTIONS

DATE: September 3, 1971

Memorandum

TO : NEA - Mr. Sisco

FROM : NEA/IAI - H. H. Stackhouse

SUBJECT: Suggested Reply to Informal Israeli Offer on Liberty Claim

After a three year silence on the subject the Israelis have finally responded to our prodding on the approximately \$7 million Liberty damage claim. They propose to settle for \$100,000 and would like to clear it all out with us informally before taking any formal steps. Ambassador Barbour's letter to Roy Atherton and the proposed Note they would transmit are at Tab B. The Ambassador recommends acceptance of the Israeli approach.

We have discussed this with L but not with DOD. Certainly the Ambassador is right in his estimate that opposition to any token settlement such as the Israelis propose is likely to be strongest in DOD. We conclude with L that we should not accept this Israeli offer but should ask the Israelis instead to do what they have failed to do so far, engage in a dialogue with us about the merits of the case. Our suggested answer, to go in Roy's absence to Zurhellen over my signature, is at Tab A. Roy has cleared the suggested reply. Pros and Cons of the Israeli approach are:

PRO

-- The Israelis settled the death and injury claims quickly and in full.

-- We should be responsive to this offer of good will by accepting this token offer.

-- The ship itself has been scrapped along with others of its class. Thus why press a claim for a vessel for which we no longer have use?

-- We are unlikely to get any better offer and perhaps will not get any other offer at all.

-- It will remain an item of unpleasant, unfinished business in our relations.

CON

-- L knows of no precedent for accepting an offer of such token magnitude. To do so could weaken our position in handling future claims from others.

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-- In spite of its quick settlement of the other Liberty claims, Israel has not dealt with us in a manner we might reasonably expect from a country with which we are in such close touch on other issues. Our Note on this subject of July 1, 1968 is still unanswered. To snap up this offer without further discussion would seem to reward such evasiveness.

-- This is an offer of one and one-half cents on the dollar. The Department would certainly be exposed to some public criticism if it accepts it. Israel as well could be criticized, especially in the light of the assistance it has been getting from us lately.

-- To leave the claim outstanding will not be a major irritant in our relations. But it will be a reminder to the Israelis that we expect them to be businesslike in such matters. (There are pending several other claims of American citizens deriving from IDF actions in the occupied territories. We have repeatedly asked the Israelis for information on these cases. These inquiries have been ignored almost as assiduously as those in relation to the Liberty claim.)

Recommendation:

That you clear the attached letter.

Approve _____

Disapprove _____

Attachments:

Tab A. Suggested Reply

Tab B. Ambassador Barbour's letter to
Roy Atherton and proposed Note

NEA/IAI:HHStackhouse:mo

8B (one)
Clearance: L/NEA:SBoyd

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